

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT**

PROPOSED RULE: #03-258
STATE AGENCY: Department of Insurance

DATE PREPARED: Mar 23, 2004
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Digest of Proposed Rule: Currently, health care providers pay a surcharge to obtain coverage with the Patient's Compensation Fund (PCF). The PCF provides coverage to victims of malpractice up to a cap of \$1,250,000. Pursuant to IC 34-18-5-3, physicians pay a surcharge based upon their specialty class. The surcharge is set actuarially to cover the risk each specialty class poses to the PCF. The physician specialty classes are published at 760 IAC 1-60.

The proposed rule amends Rule 60 to move four specialty classes amongst the classifications and increase the annual surcharge for retired physicians.

Governmental Entities: The proposal will have no fiscal impact to the state because the Patient's Compensation Fund is funded from provider surcharges. IC 34-18-5 provides that the amount of the surcharge must be determined based upon actuarial principles and actuarial studies and must be adequate for the payment of claims and expenses from the PCF.

The proposal will have no impact on local governments.

Regulated Entities: The proposed rule will affect certain health care providers as follows:

ISO Code 80253 (Radiology--No Surgery) will move from Class 0 to Class 2. Currently, 91 providers participate in this specialty class. Their surcharge will change from \$2,334 to \$4,357, an increase of \$2,023, for an aggregate increase to this specialty class of \$184,093.

ISO Code 80424 (Emergency Medicine) will move from Class 2 to Class 3. Currently, 26 providers participate in this specialty class. Their surcharge will change from \$4,357 to \$5,602, an increase of \$1,245, for an aggregate increase to this specialty class of \$32,370.

ISO Code 80102 (Emergency Medicine No Major Surgery) will move from Class 4 to Class 5. Currently, 346 providers participate in this specialty class. Their surcharge will change from \$7,002 to \$9,336, an increase of \$2,334, for an aggregate increase to this specialty class of \$807,564.

ISO Code 80151 (Surgery--Anesthesiologist) will move from Class 5 to Class 4. Currently, 370 providers participate in this specialty class. Their surcharge will change from \$9,336 to \$7,002, a decrease of \$2,334, for an aggregate decrease to this specialty class of \$863,580.

Retired Physicians: About 40 retired physicians will experience an increase in an annual surcharge, which is increased from \$300 to \$500. This increase will generate an estimated \$8,000.

The net increase in aggregate provider payments is about \$653,000.

Information Sources: Amy Strati, Department of Insurance, 317.232.5251; Milliman USA.